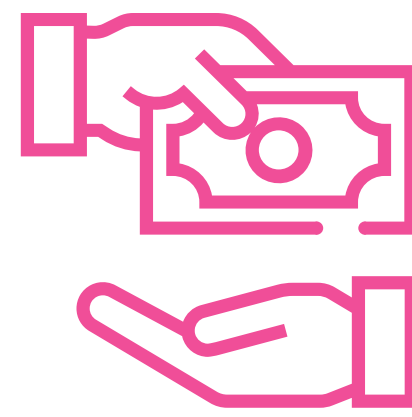


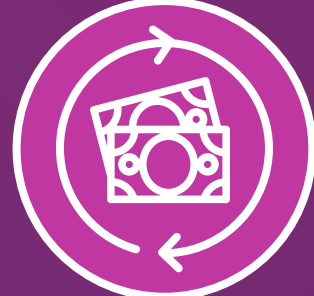
# Instant payments in Europe: Are you ready for new regulations?



With only one in ten Euro credit transfers being processed as an instant payment, the European Commission has told the industry that enough is enough. It is forcing the transition from a 'nice-to-have' to a 'must-have'; from a directive to a regulation.

## What are the new instant payment regulations?

Here are the key changes you need to know



### Send and receive

Payment services providers (PSPs), in all 27 countries in the EU, will be required to enable both sending and receiving IPs, 24 hours a day and 365 days a year, at an equal or lower rate than the charges for sending or receiving non-instant euro credit transfers. The lack of access to central bank money means this does not yet apply to payments and electronic money (e-money) institutions. However, this is expected to change once the review of the Settlement Finality Directive is published.



### Confirmation of payee

PSPs will be obligated to verify that the name of the payee matches their account number (IBAN) before any payment is authorized. If these do not match, they will be required to notify the payer – suggesting potential fraud – who can then decide whether to complete the payment order.



### Sanctions screening

PSPs will be required to verify, at least once a day, whether any of their customers are subject to EU sanctions. If they fail to follow this sanctions screening procedure, they may be liable to pay financial damages to the other provider involved in the IP.



### Key timelines

- The draft regulation is estimated to take around 18 months to go through the European Parliament, although this could be shorter or longer depending on how quickly an agreement is reached. The proposal outlines different timeframes for each requirement from when the regulation comes into force, for banks inside and outside of the eurozone:
- From the point that it is passed into law, banks inside the eurozone will have 6 months until they are required to receive IPs and 12 months to send them. For banks outside of the eurozone, this timeline is 30 months and 36 months respectively.
- For ensuring charges are equal to or lower than non-instant euro credit transfers, banks in the eurozone will have 6 months to comply, whereas those outside will have 30 months. This also applies to payments and e-money institutions if they voluntarily provide IPs before they are legally required to do so.
- For facilitating bulk payments through customer interfaces, eurozone banks will have 6 months to receive IPs and 12 months to send them. Those outside will have 30 and 36 months respectively.
- All banks are required to comply with the requirements for sanctions screening after 6 months.

## Why instant payments is becoming the new normal in Europe?



### Innovation

New domestic person-to-person (P2P) payment providers are popping up on a regular basis, due to catalysts like social platforms, digital currencies, and new technologies.



### Customers

Due to rapidly changing customer demographics, many customers now expect almost everything to be available in real time.



### FinTech

In the last few years, numerous FinTech startups have launched with a focus on mobile payments. The focus tends to be on new real-time services.



### Merchants

Many small businesses and large retailers alike are looking at real-time payments to enhance their cash flow management, reduce fraud activity and provide added value to their customers.

## Challenges when implementing instant payments



**Need for accelerated return on investment**



**Integration with legacy batch-based solutions**



**Compliance with future scheme changes**



**Flexibility for future developments**

## Your perfect instant payments partner.

The case for instant payments is strong with opportunities for monetizing value-added services now being realized.

Finastra Payments To Go is the single solution for all your instant payment needs. Providing connectivity for both RT1 and TIPS, as a managed service in the cloud that allow banks to join the next stage of innovation, quickly and at a low cost.



**Discover how to accelerate your journey to instant with Finastra Payments To Go**



### Fixed Time. Fixed Scope. Fixed Cost. Payments Fixed.

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